

East Bay Regional Park District

Oakland, California

Single Audit Reports

For the year ended December 31, 2008

C&L
Caporicci & Larson
Certified Public Accountants

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8/7/09

East Bay Regional Park District
Single Audit Reports
For the year ended December 31, 2008

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the District Board
of the East Bay Regional Park District
Oakland, California

We have audited the financial statements of the East Bay Regional Park District (the District) as of and for the year ended December 31, 2008, and have issued our report thereon dated June 26, 2009. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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To the District Board
of the East Bay Regional Park District
Oakland, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated June 26, 2009.

This report is intended solely for the information and use of management, the District Board, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Capricci & Carlson

Oakland, California
June 26, 2009

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the District Board
of the East Bay Regional Park District
Oakland, California

Compliance

We have audited the compliance of the East Bay Regional Park District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Audit Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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To the District Board
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Oakland, California
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A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the District as of and for the year ended December 31, 2008, and have issued our report thereon dated June 26, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as whole.

This report is intended solely for the information and use of management, the District Board, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Capricci & Carson

Oakland, California
June 26, 2009

East Bay Regional Park District
Single Audit Reports
Schedule of Findings and Questioned Costs
For the year ended December 31, 2008

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
Current Year Expenditures of Federal Awards:			
Federal Emergency Management Agency (FEMA):			
Passed through the State Department of Forestry and Fire Protection			
CDF East Bay Hills Fire Mitigation 2005 FEMA, PDM-C	97.017	1CA66675 *	\$ 383,206
Passed through the Governor's Office of Emergency Services:			
2005-2006 Winter Storms-1628 Public Assistance	97.036	FEMA-1628-DR	291,561
Total Federal Emergency Management Agency (FEMA)			674,767
U.S. Department of Transportation:			
Passed through the California Department of Transportation:			
Bay Trail Improvement- Hayward Bayshore	20.205	4-1833-C *	99,232
State Highway Operation and Protection Program - TEA	20.205	4-1838-A3 *	383,598
Baumberg Tract Bay Trail	20.205	STPL-6075(014) *	180,434
Passed through the California Department of Parks and Recreation			
Roberts Regional Recreation Area Trail Improvement	20.219	C8518013/RT01-007	11,253
Big Break Shoreline Trail Gap Closure	20.219	C8518013/RT01-009	2,759
Temescal Regional Recreation Area	20.219	C8518013/RT01-006	16,227
Passed through the Contra Costa County			
Avoid the 25 Project	20.601	AL0637	622
Total U.S. Department of Transportation			694,125
U.S. Department of Interiors, Fish and Wildlife Services:			
Direct programs:			
Claremont Canyon Preserve	15.228		41,220
Passed through the California Department of Parks and Recreation:			
Vintage Parkway Creek Development	15.916	C8940032/06-01538	175,595
Total U.S. Department of Interiors			216,815
U.S. Department of Homeland Security			
Passed through the California Department of Boating and Waterways			
Boating Safety and Enforcement	97.012	07-204-758	80,000
Total Environmental Protection Agency			80,000
U.S. Department of Justice - Office of Justice Programs			
Direct programs:			
2006 Bulletproof Vest Partnership	16.607		1,378
Total U.S. Department of Justice - Office of Justice Program			1,378
Total Current Year Expenditures of Federal Awards			\$ 1,667,085

* Denotes Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

East Bay Regional Park District
Single Audit Reports
Notes to the Schedule of Expenditures of Federal Awards
For the year ended December 31, 2008

1. REPORTING ENTITY

The East Bay Regional Park District (District) was incorporated in 1934 as a California Special District. The District operates under Sections 5500-5595 of the Public Resources Code of the State of California for the purpose of acquiring park, recreation, and open space land; and the development, operation and maintenance of these lands. The District operates 65 parks and over 1,100 miles of regional trails covering over 97,668 acres. It is bounded on the west and north by the San Francisco Bay, San Pablo Bay and Suisun Bay and extended forty miles inland to the south and east.

The District is governed by a seven member board elected by District residents in each of the District's seven wards. The District is legally separate and fiscally independent which means it can issue debt, set and modify budgets and fees and sue or be sued. The financial statements of the Districts include only the financial activities of the District. Geographically, the District covers all of Contra Costa and Alameda Counties. There are many other governmental agencies such as the two counties, and many cities and numerous special districts, which provide governmental services within the same geographic area. Financial data of these other governmental agencies are not included in the financial statements of the District. There are no separate or legal entities or component units included in the financial statements of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

Funds received under the various grant programs have been recorded within general, special revenue, and capital projects funds of the District. The District utilizes the modified accrual basis of accounting for these funds. The accompanying Schedule of Expenditures of Federal Awards (Schedule) has been prepared accordingly.

B. Schedule of Expenditures of Federal Awards

The accompanying Schedule presents the activity of all Federal financial assistance programs of the District. Federal financial assistance received directly from Federal agencies as well as Federal financial assistance passed through the State of California is included in the Schedule.

The Schedule was prepared only from the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the District.

East Bay Regional Park District
Single Audit Reports
Schedule of Findings and Questioned Costs
For the year ended December 31, 2008

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the District.
2. Significant deficiencies relating to the audit of the financial statements are reported in Part B of this Schedule.
3. No instances of noncompliance material to the basic financial statements of the District were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the basic financial statements.
5. The auditors' report on compliance for the major federal award programs for the District expresses an unqualified opinion.
6. No audit findings relative to the major federal award programs for the District were reported.
7. The programs tested as major programs include:

Major Program	CFDA #	Expenditures
Bay Trail Improvement- Hayward Bayshore	20.205	\$ 99,232
State Highway Operation and Protection Program - TEA	20.205	383,598
Baumberg Tract Bay Trail	20.205	180,434
CDF East Bay Hills Fire Mitigation 2005 FEMA, PDM-C	97.017	383,206
Total Major Program Expenditures		\$ 1,046,470
Percent of Total Federal Award Expenditures		62.77%

The auditee meets the criteria for a low-risk auditee. Consequently, the major programs tested were required to be in the aggregate at least 25% of total Federal awards expended.

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The District was determined to be a low risk auditee.

East Bay Regional Park District
Single Audit Reports
Schedule of Findings and Questioned Costs, Continued
For the year ended December 31, 2008

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

2008-1 PRIOR PERIOD ADJUSTMENTS (Significant Deficiency)

Criteria

All transactions should be recorded correctly in the District's general ledger.

Condition

During fiscal year 2008, the District recorded prior period adjustments related to Capital Assets, Long-Term Debt and Compensated Absences. The adjustments were made to correct the following:

- The District incurred expenses for projects that were built on behalf of other entities. These improvements were not owned by the District. However, the District capitalized these expenses included the improvements as part of their Capital Assets in the government-wide financial statements as part of the GASB 34 conversion. Prior period adjustments were made to remove these improvements from government-wide financial statements.
- The District issued 2006 Refunding Bonds in prior years. The transactions were recorded properly in the fund financial statements; however, the District did not capitalize the cost of issuance and record deferred gain on refunding in the government-wide statements. In the government-wide financial statements, the costs of issuance and deferred gains on refunding were recorded along with the related amortization.

All of the above transactions were recorded correctly in the fund financial statements. The adjustments only impacted the government-wide financial statements. The net impact was a decrease of \$3,193,152 to the beginning net assets as of January 1, 2008.

Questioned Costs

None.

Context and Effect

The District should strengthen controls to ensure that all financial transactions are recorded correctly.

Recommendation

We recommend that the District review all current year transactions more carefully to avoid future adjustments to prior periods.

**East Bay Regional Park District
Single Audit Reports
Schedule of Findings and Questioned Costs, Continued
For the year ended December 31, 2008**

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

No findings or questioned costs were noted on the District's major programs.

D. PRIOR YEAR FINDINGS AND QUESTIONED COSTS

No prior year findings or questioned costs.